

EXHIBIT 8

Financial Condition and Turnaround Plan

July 24, 2006



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June Results

- 2006 YTD Loss of \$ 2.6 Million
- \$ 3.2 Million loss 6/05 to 6/06
- June Loss \$628K
- Discharges:
 - Below Plan (174)*
 - Behind '05 (179)*
- Outpatient Volumes and Revenue Below Plan (10.8)%
- Expenses Above planned
 - LOS (\$ 740,000)
 - Nurse Agency Utilization (\$534,000)
 - Meditech (\$ +++++)

[*100 discharges OB]



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Inpatient Revenues

	<u>Vs. Budget</u>	<u>Vs. Year Ago</u>
Direct Admissions	(359)	(400)
ER Admissions	<u>+192</u>	<u>+239</u>
TOTAL	(167)	(161)
NYP Surgery	(59)	-
Newborns	<u>(94)</u>	<u>(132)</u>
TOTAL	(153)	(132)



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Outpatient Revenues

	<u>Vs. Budget</u>	<u>(000)</u>	<u>Vs. Year Ago</u>
ASU	(49)	\$110.	+15
Endoscopies	(189)	\$340.	(157)
MRIs	(351)	\$175.	(234)
CT Scans	(260)	\$ 91.	+311
Physical Therapy	(1854)	\$140.	(1043)
Chemo Infusion	(328)	<u>\$1,600.</u>	(299)
Total Variance		\$2,500.	



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Expenses

- **Flexed Favorably to Patient Days...but**
- **Unfavorable to Budget**
 - LOS is Above Plan
 - Agency Nurse Utilization Above Plan
 - Sick Pay
 - Overtime
 - Utilities
- **Favorable to Budget**
 - Supplies
 - Insurance
 - Pharmacy



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Planned 2006 Expense Reductions

Achieve LOS Target –	\$ 740,000
Medicare 6.4 vs 6.0	
Non-Medicare 3.9 vs 3.6	
Hold Open Positions	564,000
20 FTEs	
New Vacancies 45 FTEs (pro rated)	600,000
Additional 3% usage of PTO	90,000
Reduce Nurse Agency Usage	534,000
Potential Reserves	403,000
3% Cost Reduction*	1,804,000*
TOTAL (6.9% of Budget)	\$ 4,735,000



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*3% Cost Reduction

Nursing	\$ 500,000
Ancillary Services	900,000
Support Services	225,000
Finance	140,000
Human Resources	30,000
Medical Affairs	20,000
Administration	30,000
Marketing	<u>40,000</u>
TOTAL	\$ 1,885,000*



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Revenue Expansion Initiatives

- Restructure NYP Surgery Program
- Medical Staff Development
 - Primary Care Physicians
 - Additional Surgical Specialists
- Marketing and Promotion of Outpatient Services
- Evaluate the 33% Rule
- Improve the operational efficiency of the OR
- Explore ways to make our existing staff busier
- Evaluate Hospitalists & Intensivists



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Master Facilities Plan

ER		\$ 3,636,000
Chiller		\$ 3,415,000
2 nd Floor(OR/PACU)		\$13,025,000
4 th Floor(LDR/PEDS)		\$ 4,054,000
6 th Floor		\$14,513,000
Nurseries	(\$5,964,000)	
Postpartum	(\$8,549,000)	
Elevator Tower		\$7,685,000
1 st Floor/Entrances		<u>\$5,318,000</u>
TOTAL		\$ 51,646,000



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MFP Financing Plan

Total Project Costs	\$52,000,000
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Financing	\$20,000,000
Fund Raising	<u>\$6,600,000</u>
 Capital Reserves	 \$25,400,000
TOTAL	\$52,000,000



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